Globex Resources Ltd.

Annual Report 2000

Corporate Profile

Globex Resources Ltd. is a Calgary-based, junior energy Company active in the exploration and production of oil and natural gas in Western Canada. With its balanced production mix and asset base, the Company plans to continue increasing its reserves and production base in Canada through exploration and development drilling and strategic acquisitions. For its medium to longer-term growth, the Company is participating in a high impact exploration project in the Province of New Brunswick.

The common shares of Globex trade on The Canadian Venture Exchange (Tier 1), under the symbol "GBX". As of March 31, 2001, the Company had 9.2 million common shares issued and outstanding.

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2000 Highlights

- Revenues more than doubled to $8.5 million
- Cash flow more than tripled to $4.1 million ($0.43 per share)
- Earnings increased almost eight times to $2.4 million ($0.25 per share)
- Net Asset Value doubled to $2.03 per share
- Production increased by 16% to 713 boe/d
- Reserve additions replaced production by 122%
- Acquired 5% of Corridor Resources Inc.
- Farmed-in on 106,700 acres in New Brunswick

	2000	1999
Financial		
Gross Production Revenue	$ 8,498,214	$ 3,811,175
Cash Flow From Operations	$ 4,068,930	$ 1,127,428
Per share (cents)	43	12
Earnings	$ 2,392,754	$ 303,764
Per share (cents)	25	3
Capital Expenditure	$ 3,668,770	$ 1,286,900
Working Capital	$ 217,169	$ 499,868
Asset Sales	$ 387,776	$ 1,164,000
Investment	$ 1,750,000	$ 100,000
Bank Debt	$ 1,242,000	nil
Shares Outstanding at Year-end	9,200,000	9,866,500
Operating		
Average Production		
Crude oil (bbl/day)	261	193
Natural gas (mcf/day)	2,711	2,527
Barrels of oil equivalent (boe/day) (6:1)	713	614
Average Selling Price		
Oil ($/bbl)	39.26	23.48
Natural gas ($/mcf)	4.88	2.35
Reserves		
Proven		
Oil and NGLs (mbbls)	546	366
Natural gas (mmcf)	6,096	7,688
Barrels of oil equivalent (mboe)	1,562	1,647
Proven and Probable		
Oil and NGLs (mbbls)	737	463
Natural gas (mmcf)	8,298	10,502
Barrels of oil equivalent (mboe)	2,120	2,214
Undeveloped Land (acres)		
Gross	130,720	176,819
Net	14,870	21,394
Wells Drilled		
Gross	15	4
Net	3.83	1.5

Message to Shareholders

The focus of steady growth established in 1999 was successfully carried out into Fiscal 2000 to deliver solid results for our shareholders, posting record increases in revenue, cash flow and earnings. We remained committed to continuing the Company's growth in Western Canada. In 2000, we made a strategic entry into Eastern Canada, both on a corporate investment and joint venture basis. This past year brought many opportunities to maintain the momentum for continued growth and success. Higher commodity prices, coupled with production increases now provide us with the required platform to take on high impact projects in Eastern Canada. With our discipline in increasing production and reserve levels effectively and maintaining an efficient operating and administrative cost structure, we are confident of our abilities to elevate Globex to its next level of growth during Fiscal 2001 and beyond.

Western Canada

Our strategy is to continue building our Western Canadian production and reserves through drilling and acquisition of producing properties to increase our ownership in core properties. With a capital expenditure of $3.7 million in 2000, the Company participated in drilling 15 wells (3.83 net) resulting in five oil wells (1.35 net), eight gas wells (1.48 net) and two dry wells (1.0 net). Through this exploration program, we established significant additions of reserves and production for light oil at Bellshill Lake and Red Earth, and at Nelson and Pouce Coupe South for natural gas.

In 2000, we made a strategic entry into Eastern Canada, both on a corporate investment and joint venture basis.

At the same time, we directed our efforts on our various on-going rationalization programs to concentrate on focus areas. We recently completed the sale of all of our properties in British Columbia for cash consideration of $2.4 million. We consider these to be non-strategic assets and the proceeds were directed to retiring bank debt. Currently, less than half of the Company's remaining 78 properties account for over 80% of Globex's production and reserve base, and many of these will continue to emerge as core areas for future growth.

Eastern Canada

In December 2000, Globex announced its strategic entry into Eastern Canada with its joint venture partner, Corridor Resources Inc. With increasing exploration successes in Canada's Maritime Provinces, coupled with attractive commodity prices and nearby access to pipelines and markets, we believe Globex's entry at this opportune time, provides us with an excellent foundation for medium and longer-term growth.

The Company acquired 1.5 million shares of Corridor (at $1.10 per share on a flow-through basis) representing approximately 5% of Corridor's issued and outstanding shares. Corridor is an active explorer in the Maritimes and Gulf of St. Lawrence region. Globex also farmed-in on three licenses covering 106,700 acres held by Corridor in the Sussex area of southeastern New Brunswick. Under the terms of the agreement, Globex will undertake $2.0 million of exploration work over the next two years to earn a 50% working interest in these licenses. Geophysical operations are expected to commence in May 2001.

Outlook

Our 2001 capital budget of $4.0 million will be funded entirely from internal cash flow. We will continue to dedicate our primary effort to drilling and exploitation projects in Western Canada, with almost 75% of capital expenditures targeted for projects in Alberta. The remaining $1.0 million of our capital budget is committed to conducting exploration work in New Brunswick, where we plan to complete seismic and commence drilling before this year-end.

We will continue our minor property divestiture program with the objective of increasing Globex's interests in its focus areas, primarily in Alberta. Our thrust will be to continue adding reserves and production through drilling and strategic acquisitions to achieve our target production of 1000 boe/d by the end of 2001.

A key objective for any corporation is to enhance its shareholders' value. At Globex, we have accomplished this by increasing the Company's asset value six-fold, in a relatively short time frame notwithstanding poor commodity prices during 1998 and early 1999. Employing a total shareholder equity investment of $3.0 million since inception over three years ago, the Company's current net asset value is estimated to be over $18.0 million or approximately $2.00 per share.

We continue to secure the Company's financial strength. With the recent sale of assets in British Columbia, our outstanding debt at year-end has been eliminated and our cash reserves have increased. With our strong balance sheet and unused lines of credit, we can readily increase our capital expenditure level to capitalize on attractive opportunities as they develop.

The recent interest in the junior oil and gas companies is certainly a welcome change over the previous year. We hope this will lead to these companies enjoying higher cash flow and earnings multiples. In our view, this should, in turn, help Globex trade closer to its net asset value and increase liquidity in our shares.

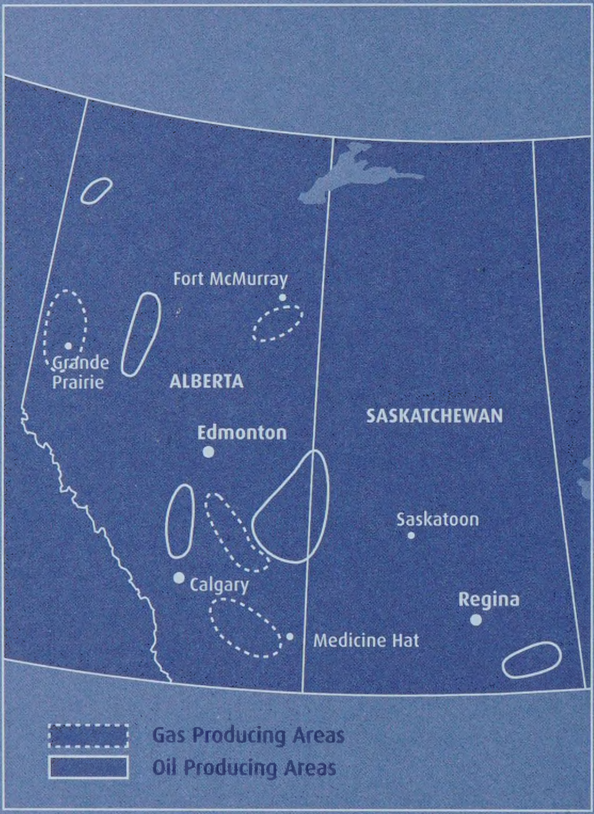
We are particularly proud of the solid commitment demonstrated by our experienced team of technical and financial experts who have ownership stakes in the Company. The combination of our technical and financial team members, our Board of Directors and shareholder support has resulted in a very successful 2000 for Globex. To all of these people, we offer our appreciation for their dedication, enthusiasm and encouragement and thank them for supporting Globex becoming a solid company.

Ash Bhasin,
President & Chief Executive Officer
May 01, 2001

Operations Review

During the year 2000, Globex's $3.7 million capital program in Western Canada resulted in significant production increases and reserve additions for the Company. Drilling, recompletions and workovers successfully offset production declines and the impact of asset sales and increased the Company's average production by 16% to 713 boe/d in 2000 from 614 boe/d in 1999. Globex's year-end reserves decreased 5% as a result of the Company's divestment of over twenty minor properties, however, the total proved reserves added as a result of the Company's field expenditures replaced the reserves produced by 122% during 2000.

Globex in Western Canada



Globex participated in drilling 15 wells (3.83 net) in Alberta, resulting in five oil wells (1.35 net), eight gas wells (1.48 net) and two dry holes (1.00 net). Significant oil reserve and production additions were realized at Bellshill Lake and Red Earth. Natural gas reserves and production were added primarily at Nelson and Pouce Coupe South. The Company further participated in eight recompletions and workovers (2.20 net), resulting in reserve additions and production enhancements at our Rainbow South oil property and several central Alberta gas properties. Globex also benefited from 10 new wells (0.53 net) drilled on our royalty interest lands, primarily at our Hoosier and Northminster North oil properties in Saskatchewan.

In 2001, Globex will continue to increase its reserve and production in Western Canada focus areas through exploration and development drilling and strategic acquisitions. Our objective is to increase the Company's oil and gas production to 1000 boe/d. With continued strong cash flow and available bank financing, the Company is well positioned to capitalize on attractive opportunities to achieve its target by year-end 2001.

During the year 2000, Globex continued its efforts to further rationalize the Company's oil and gas properties in Western Canada. Divestment of non-core properties during 2000 generated $387,776 in cash and reduced the Company's property count to 93 from 118 at year-end 1999. With the subsequent sale of all of the Company's oil and gas properties in British Columbia and Manitoba, Globex's property count was further reduced to 78 by the end of March 2001. Less than half of these remaining properties account for over 80% of Globex's current production and reserve base and will continue to emerge as focus areas for future growth. During the remainder of 2001, the Company will continue its rationalization efforts to reduce the overall property count to less than 50 and, at the same time, increase Globex's interests in focus areas.

Globex operated oil well drilled and placed on production in 2000 at Red Earth in Northern Alberta.

Since commencement of operations in 1997, the Company has spent $7.3 million (net of $1.6 million in dispositions) to establish a proven reserve base of over 2.0 million boe (including 0.5 million boe of production to year-end 2000). After allowing for future development, abandonment and site restoration costs, the Company's acquisition, finding and development cost to-date, on a proven reserve basis, is $4.37 per boe.

Net Asset Value

As at December 31, 2000	Total Proved ($000)	Total Proved and Half Probable ($000)
Net Present Value of Reserves		
Discounted @ 15% before tax	15,714	17,336
Net Present Value of		
Future Abandonment and Site Restoration		
Discounted @ 15% before tax	(472)	(521)
Undeveloped Land and Seismic		
14,870 Net Acres	765	765
Working Capital and Investments at Market Value	2,342	2,342
Bank Debt	(1,242)	(1,242)
Net Asset Value	17,107	18,680
Per Share		
Basic	$ 1.86	$ 2.03
Fully Diluted	$ 1.74	$ 1.89

Production

New production resulting from the 2000 capital program successfully offset declines in production from producing properties and production sold through property dispositions. Compared to the previous year, the Company's exit production increased to 718 boe/d.

Exit Production Summary

	Oil and NGL bbls/d	Natural Gas mcf/d	Total boe/d
Average December, 1999 Production	187	2,830	659
Additions			
Drilling, Recompletions and Workovers	78	943	235
Property Acquisitions	12	–	12
	90	943	247
Reductions			
Production Declines	10	894	159
Property Divestitures	6	139	29
	16	1,033	188
Average December, 2000 Production	261	2,740	718

The Company's average production for 2000 increased to 713 boe/d from 614 boe/d in 1999.

Reserves

At year-end, Globex's total proved plus probable reserves totalled over 2.1 million boe.

	Total Proved Mboe	Total Proved and Probable Mboe
Reserves at December 31,1999	1,647	2,214
Additions		
Drilling, Recompletions and Workovers	305	448
Property Acquisitions	21	25
	326	473
Reductions		
Production	249	249
Property Divestitures	112	190
	361	439
	1,612	2,248
Net Revisions	(50)	(128)
Reserves at December 31, 2000	1,562	2,120

Approximately 20% of the Company's year-end reserves are royalty interest reserves.

The sales volumes and net present values of the Company's petroleum and natural gas reserves have been evaluated as at December 31, 2000 by independent engineering consultants, Paddock Lindstrom & Associates Ltd. The reserves presented in the following table represent Globex's share of sales volumes before royalty burdens, and net present values before income taxes.

Reserve Summary

Reserve Category	Remaining Recoverable Reserves		Net Present Values (incl. ARTC) Discounted ($000)		
	Oil and NGL MSTB	Gas Sales MMCF	10%	12%	15%
Proved Producing	476.2	4,440.3	14,408.3	13,762.9	12,931.8
Proved Non-Producing and Undeveloped	69.4	1,655.3	3,193.5	3,014.3	2,781.7
Total Proved	545.6	6,095.6	17,601.8	16,777.2	15,713.5
Probable	191.8	2,202.0	4,061.3	3,696.8	3,245.3
Total Proved and Probable	737.4	8,297.6	21,663.1	20,474.0	18,958.8
50% Reduction on Probable	95.9	1,101.0	2,030.6	1,848.4	1,622.6
Total Proved and Half Probable	641.5	7,196.6	19,632.5	18,625.6	17,336.2

On a proven basis, natural gas represents approximately two-thirds and crude oil and natural gas liquids represents approximately one-third of the Company's year-end reserves. On a barrel of oil equivalent basis, 76% of the Company's year-end proven reserves are in Alberta, 13% in British Columbia and 11% in Saskatchewan.

The associated pricing assumptions as of January 1, 2001 as determined by Paddock Lindstrom & Associates Ltd., Globex's independent engineers, are as follows:

Pricing Assumptions

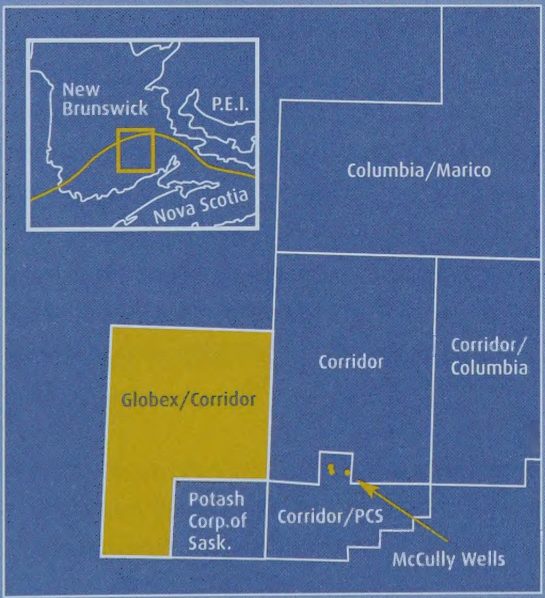
As of January 1, 2001	Crude Oil WTI @ Cushing ($US/bbl)	Natural Gas @ AECO ($Cdn/mmbtu)	Exchange Rate (US/Cdn)
2001	27.00	7.35	0.66
2002	24.00	5.36	0.67
2003	23.00	4.89	0.68
2004	23.00	4.44	0.69
2005	23.46	4.45	0.70

Undeveloped Lands

At year-end, Globex's undeveloped land holdings in Western Canada were 14,870 net acres (1999: 21,394 net acres). The following table summarizes Globex's current undeveloped land interests.

	Gross Acres	Net Acres
Alberta	106,840	9,882
British Columbia	13,440	1,008
Saskatchewan	10,440	3,980
Total	130,720	14,870

Globex in New Brunswick



In late December 2000, Globex executed a Letter of Intent with Corridor Resources Inc., pursuant to which Globex will farm-in on three exploration licenses covering 106,700 acres held by Corridor in the Sussex area of southeastern New Brunswick. Under the terms of the farm-in agreement, Globex will undertake $2.0 million of exploration work over two years to earn a 50% working interest in these licences. Globex expects to commence geophysical operations in May 2001 and plans to drill the first exploration well on these lands prior to the end of 2001.

The three licenses where the exploration work will commence in 2001 are located west of the recently announced McCully natural gas discovery, which is estimated to have in-place gas reserves in excess of 300 bcf. Both the discovery and the exploration licenses are in close proximity to the Maritimes & Northeast Pipeline which delivers natural gas from offshore fields in the Sable Island area to markets in the Maritimes and northeastern United States.

Management's Discussion & Analysis

Management's Discussion and Analysis of Globex's financial position and results of its operations should be read in conjunction with the financial statements presented in this Annual Report. Consistent with the recent trend in the petroleum industry, Globex has also adopted a ratio of six thousand cubic feet of natural gas to one barrel of oil in stating barrels of oil equivalent (boe). The comparable numbers for 1999 have been restated using the same conversion of natural gas to oil equivalent.

Overview

During 2000, Globex's growth resulted from increased drilling, recompletion and workover activities and buoyant commodity prices. We undertook an aggressive program of development drilling and tie-in of existing reserves to replace reserves and to increase production. In addition, the Company embarked on a program to explore primarily for natural gas reserves in New Brunswick leveraged by a flow-through investment in Corridor Resources Inc., an active explorer in the Maritime Provinces. Globex is now focused for short-term growth in Western Canada and for its medium to longer-term growth in Eastern Canada.

Revenues and Production

Globex's crude oil and natural gas revenues increased to $8,498,214 in 2000 from $3,811,175 in 1999 as a result of stronger commodity prices and increased production. The average crude oil price for 2000 was $39.26 per barrel compared to $23.48 per barrel in 1999. Oil production during 2000 averaged 261 bbls per day compared to 193 bbls per day in 1999. Natural gas sales realized an average price of $4.88 per mcf on production of 2.7 mmcf per day compared to $2.35 per mcf on production of 2.5 mmcf per day.

Globex's production mix in 2000 was 63 percent natural gas and 37 percent light oil and NGLs. In 1999, the production mix was 69 percent natural gas and 31 percent light oil and NGLs.

Royalties

Royalties net of ARTC were $1,495,881 for 2000 compared to $516,104 for 1999. This increase is attributable to higher gross revenues associated with increased commodity prices and production as well as a reduction in the ARTC rate. As a percentage of production revenue, royalties were 17.6 percent in 2000 versus 13.5 percent in 1999.

Operating Costs

Higher production volumes and more workovers resulted in operating costs increasing to $1,489,396 in 2000 from $1,129,143 in 1999. On a boe basis, operating costs increased 13.5 percent to $5.71 per boe in 2000 from $5.03 per boe a year earlier.

General and Administrative Expenses

General and administrative expenses reduced 5.5 percent in 2000 to $754,919 from $799,629 in 1999 due to a reduction of one-time costs incurred last year for an extensive evaluation of previously acquired properties. On a boe basis, general and administrative expenses decreased 19.1 percent to $2.89 per boe in 2000 from $3.57 per boe in 1999 after allowing for the Company's increased production in 2000.

Depletion, Depreciation and Site Restoration

Depletion, depreciation and site restoration expenses increased to $999,247 in 2000 from $573,393 in 1999, as a direct result of higher production and increased capital asset base. On a boe basis, depletion, depreciation and site restoration for 2000 was $3.83 versus $2.56 in 1999, due to higher capital expenditures in 2000.

Current and Future Taxes

In 2000, Globex paid current taxes of $646,825 (1999 – $188,808) and the future tax provision was $676,929 (1999 – $250,271). The overall increase in taxes is a direct result of the higher net operating income realized by Globex in 2000. The Company reduced its tax obligations for 2000 by purchasing 1.5 million shares of Corridor Resources Inc. on a flow-through basis for $1,650,000 (1999 – Nil).

Cash Flow from Operations and Net Earnings

As a result of significant growth in commodity prices and sales, cash flow from operations increased 261 percent to $4,068,930 during 2000 from $1,127,428 in 1999. Cash flow, on a per share basis, increased to 43 cents per share in 2000 from 12 cents per share in 1999. After tax earnings increased to $2,392,754 during 2000 from $303,764 in 1999. Earnings on a per share basis increased to 25 cents per share in 2000 compared to 3 cents per share in 1999.

Liquidity and Capital Resources

The Company incurred long-term debt of $1,242,000 primarily to fund its purchase of 1.5 million shares of Corridor Resources Inc. on a flow-through basis. Subsequent to year-end, Globex sold its properties in British Columbia for $2.4 million and utilized these funds to eliminate its debt and increase cash reserves. In addition the Company currently has an available line of credit of $3,000,000.

During 2000, Globex funded its capital program from internal cash flow and property divestments.

During the year, the Company acquired 666,500 common shares under its normal course issuer bid at an average price of $0.73 resulting in a cash outlay of $493,625. As a result, Globex reduced its number of shares outstanding from 9,866,500 to 9,200,000 at year-end 2000.

Globex intends to continue funding its capital program from internal cash flow, with the flexibility of drawing on available lines of credit for low risk development or acquisition opportunities. The 2001 capital budget has been set at $4.0 million and will be financed through internal cash flow and proceeds from divestments, net of acquisitions.

The Company's financial position is strong and therefore has the flexibility to capitalize on available investment opportunities.

Capital Expenditures

Capital expenditures for 2000 totalled $3,668,770 compared to $1,286,900 in 1999 as follows:

	2000	1999
Drilling and Completions	**$ 2,222,040**	$ 542,476
Production Facilities and Well Equipment	**863,739**	490,205
Land and Seismic	**250,333**	79,376
Acquisitions	**161,500**	(89,537)
Capitalized General and Administrative Cost	**169,103**	262,263
Other	**2,055**	2,117
	$ 3,668,770	$ 1,286,900

Business Risks

Companies active in the Canadian oil and natural gas industry are exposed to a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing oil and natural gas reserves economically, marketing production, hiring and retaining employees and conducting operations in a cost-effective manner. Globex mitigates these risks by hiring and contracting highly skilled professionals with proven expertise in their field. The Company maintains an insurance program that is consistent with industry practice. Globex also reduces risk by maintaining an inventory of internally generated prospects, for both oil and natural gas within strategically selected core geographic areas, operating joint venture prospects and using leading-edge technology.

Financial risks include commodity prices, interest rates and the Canadian/US exchange rate, all of which are beyond the Company's internal control. The Company manages its exposure to commodity pricing and exchange rate fluctuations through hedges where appropriate. In addition the Company minimizes interest rate risk through prudent management of cash flow, bank and equity financing.

Safety and Environment

Globex is subject to various regulatory risks, many of which are beyond the Company's control. Globex takes a proactive approach with respect to environmental and safety matters and also has an operational emergency response plan in place.

Management's Report

The accompanying financial statements and all information in the annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies described in the notes to the financial statements. The financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information contained elsewhere in the annual report has been reviewed to ensure consistency with that in the financial statements. Management maintains a system of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets.

External auditors, appointed by the shareholders of the Corporation, have examined the financial statements and have expressed an opinion on the statements. Their report is included with the financial statements.

The board of directors of the Corporation has established an audit committee, consisting of non-management directors, to review these statements with management and the auditors. The audit committee has approved these statements on behalf of the Corporation's board of directors.

Ashok Bhasin

Ash Bhasin
President & Chief Executive Officer
& Chief Financial Officer
March 13, 2001

George de Boon
Vice President
& Chief Operating Officer

Auditors' Report to the Shareholders

We have audited the balance sheets of Globex Resources Ltd. as at December 31, 2000 and 1999 and the statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
March 13, 2001

Balance Sheets

As at December 31	2000	1999
Assets		
Current assets:		
Cash	$ 24,983	$ 578,947
Accounts receivable	1,616,804	861,268
Prepaid expenses	23,280	14,973
	1,665,067	1,455,188
Long-term Investments (note 3)	1,750,000	100,000
Capital assets (note 4)	5,666,027	3,251,080
	$ 9,081,094	$ 4,806,268
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,447,898	$ 955,320
Long-term debt (note 5)	1,242,000	–
Provision for future site restoration	63,466	99,276
Future income taxes	1,536,009	473,271
Shareholders' equity:		
Share capital (note 6)	2,777,484	2,978,700
Retained earnings	2,014,237	299,701
	4,791,721	3,278,401
Commitment (note 11)		
Subsequent event (note 13)		
	$ 9,081,094	$ 4,806,268

See accompanying notes to financial statements

On behalf of the Board

Dinesh Dattani, Director

Roger Rector, Director

Statements of Operations & Retained Earnings

Years Ended December 31	2000	1999
Revenues:		
Oil and gas sales	$ 8,498,214	$ 3,811,175
Royalties (net of ARTC)	(1,495,881)	(516,104)
	7,002,333	3,295,071
Interest	21,455	17,567
	7,023,788	3,312,638
Expenses:		
Operating	1,489,396	1,129,143
General and administrative	754,919	799,629
Interest and bank charges	63,718	67,630
Provision for site restoration	133,200	122,850
Depreciation and depletion	866,047	450,543
	3,307,280	2,569,795
Earnings before income taxes	3,716,508	742,843
Income taxes (note 7):		
Current	646,825	188,808
Future	676,929	250,271
	1,323,754	439,079
Net earnings for the year	2,392,754	303,764
Share repurchases (note 6)	(292,409)	(4,702)
Retained earnings, beginning of year	299,701	639
Change in accounting policy for income taxes (note 7)	(385,809)	–
Retained earnings, end of year	$ 2,014,237	$ 299,701
Earnings per share (note 8):		
Basic	$ 0.25	$ 0.03
Diluted	$ 0.25	$ 0.03

See accompanying notes to financial statements

Statements of Cash Flows

Years Ended December 31	2000	1999
Cash provided by (used in):		
Operations:		
Net earnings	$ 2,392,754	$ 303,764
Items not involving cash:		
Depreciation and depletion	866,047	450,543
Provision for site restoration	133,200	122,850
Future income taxes	676,929	250,271
Cash flow from operations	4,068,930	1,127,428
Decrease (increase) in non-cash operating working capital	(387,570)	230,886
	3,681,360	1,358,314
Investments:		
Capital assets	(3,668,770)	(1,286,900)
Long-term investments	(1,650,000)	–
Site restoration expenditures	(169,010)	(186,226)
Proceeds on disposal of capital assets	387,776	1,164,000
Decrease (increase) in non-cash working capital	116,305	(17,324)
	(4,983,699)	(326,450)
Financing:		
Increase (decrease) in long-term debt	1,242,000	(806,000)
Share repurchases (note 6)	(493,625)	(24,668)
Issuance of share capital (net of issue costs)	–	333,750
	748,375	(496,918)
Increase (decrease) in cash	(553,964)	534,946
Cash, beginning of year	578,947	44,001
Cash, end of year	$ 24,983	$ 578,947
Cash flow from operations per share (note 8):		
Basic	$ 0.43	$ 0.12
Diluted	$ 0.42	$ 0.12

See accompanying notes to financial statements

Notes to Financial Statements

Years ended December 31, 2000 and 1999

1. Basis of Presentation:

Globex Resources Ltd. ("Globex" or the "Corporation") was incorporated pursuant to the provisions of the Alberta Business Corporation Act on August 18, 1997.

2. Significant accounting policies:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant policies summarized below:

(a) Capital assets:

The Corporation follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, costs of drilling both productive and non-productive wells, geological and geophysical expenses, well equipment and directly related overhead expenditures. Gains or losses on the sale or disposition of petroleum and natural gas properties are not ordinarily recognized in earnings except under circumstances which result in a major revision of depletion rates.

Capitalized costs are depleted using the unit-of-production method based on estimated proved reserves of petroleum and natural gas before royalties as determined by an independent engineer. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude petroleum based on the approximate relative energy content.

The lesser of cost and fair market value of unproved properties is excluded from the depletion calculation. These properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion.

The Corporation applies a "ceiling test" to capitalized costs to ensure that such costs do not exceed future net revenues from estimated production of proved reserves, using prices and costs in effect at the Corporation's year end. Future net revenues are calculated after deducting general and administrative costs, financing costs, income taxes and future site restoration and abandonment costs. Where proved reserves are acquired at a price greater than the related ceiling test amount, and where the excess is not considered to represent a permanent impairment in the value of the acquired property, the Corporation will not write-down the carrying value of its petroleum and natural gas capitalized costs for a two year period.

Substantially all of the Corporation's exploration and production activities are conducted jointly with others and accordingly, the accounts reflect only the Corporation's proportionate interest in such activities.

(b) Future site restoration:

Estimated future site restoration costs are provided on a unit-of-production basis. The provision is based on estimated current costs of complying with existing legislation and industry practice for site restoration and abandonment. The annual charge is included in the calculation of net earnings. Actual future site restoration expenditures are charged to the accumulated provision as incurred.

Notes to Financial Statements

(c) Measurement uncertainty:

The amounts recorded for depletion and depreciation of capital assets and the provision for future site restoration costs are based on estimates. The ceiling test calculation is based on such factors as estimates of proved reserves, production rates, oil and natural gas prices and future costs. By their nature, these estimates are subject to measurement uncertainty and may impact financial statements of future periods.

(d) Long-term investments:

Long-term investments are recorded at cost unless the investment has suffered a decline in value that is other than temporary. Dividends from these investments are included in earnings when received.

(e) Income taxes:

Effective January 1, 2000 the Corporation adopted the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" and are measured using the current, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

Prior to adoption of this new standard, income tax expense was determined using the deferral method. Under this method, deferred income tax expense was determined based on "timing differences" and were measured using the tax rates in effect in the year the differences originated. Certain deferred tax assets, such as the benefit of tax losses carried forward, were not recognized unless there was virtual certainty that they would be realized.

(f) Stock-based compensation plan:

The Corporation has one stock-based compensation plan, which is described in note 6. No compensation expense is recognized for this plan when stock options are issued. Consideration paid on exercise of stock options is credited to share capital.

3. Long-term investments:

At December 31, 2000 the market value of long-term investments exceeds the amounts recorded. Market value is based on the closing market price of the shares on the last trading day of the year.

4. Capital Assets:

	2000	1999
Petroleum and natural gas properties	$ 7,067,008	$ 3,786,014
Accumulated depletion and depreciation	(1,400,981)	(534,934)
	$ 5,666,027	$ 3,251,080

Overhead expenditures directly related to petroleum and natural gas properties, in the amount of $169,000, have been capitalized in 2000 (1999 – $262,000).

Costs of unproved properties of $267,000 (1999 – $267,000) have been excluded from costs subject to depletion and depreciation.

At December 31, 2000, the estimated future site restoration costs to be accrued over the remaining life of the reserves are $1,349,700 (1999 – $1,017,000).

A ceiling test calculation as at December 31, 2000 indicated that the estimated future net revenues from proved reserves exceeded the net book value of the Corporation's petroleum and natural gas properties. The ceiling test is a cost recovery test and not intended to result in an estimate of fair market value. The prices used in the ceiling test were based on year end prices at December 31, 2000 being $35.61 per barrel of crude oil and $10.81 per mcf of natural gas.

5. Long-term debt:

As at December 31, 2000, the Corporation had a revolving production credit facility in the amount of $3,000,000 due on demand which bears interest at a Canadian chartered bank prime rate plus one percent. As collateral for the credit facility, a general assignment of book debts and a $10,000,000 demand debenture secured by a first floating charge over all assets of the Corporation has been provided. The loan is subject to an annual review. The Corporation's lender has indicated repayment will not be required prior to January 1, 2002 subject to the Corporation continuing to satisfy the terms and conditions of the facility.

6. Share Capital:

The Corporation has an unlimited number of common shares authorized for issuance.

(a) Issued and outstanding:

	Number of Shares	Amount
Balance, December 31, 1998	9,110,000	$ 2,664,916
Issued on exercise of dealer option	150,000	30,000
Issued on exercise of options (note 6[b])	675,000	303,750
Repurchased on normal course issuer bid (note 6[d])	(68,500)	(19,966)
Balance, December 31, 1999	9,866,500	$ 2,978,700
Repurchased on normal course issuer bid (note 6[d])	(666,500)	(201,216)
Balance, December 31, 2000	9,200,000	$ 2,777,484

(b) Outstanding options:

The Corporation has an Employee Incentive Stock Option Plan (the "Plan") which is administered by the Board of Directors of the Corporation. All directors, officers, employees and certain consultants of the Corporation are eligible to participate in the Plan. Under the terms of the Plan, the Corporation has reserved an amount of common shares for options equal to 10 percent of the issued and outstanding shares of the Corporation to a maximum of 985,000 shares. The following table summarizes transactions during the past two years pursuant to the Plan:

	2000		1999	
Years ended December 31, 2000 and 1999	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	985,000	$ 0.63	775,000	$ 0.45
Exercised during the year	–	–	(675,000)	0.45
Granted during the year	–	–	885,000	0.65
Outstanding and exercisable, end of year	985,000	$ 0.63	985,000	$ 0.63

	2000	1999
Options exercisable at $0.45 (expiry date, November 02, 2003)	100,000	100,000
Options exercisable at $0.45 (expiry date, June 24, 2004)	50,000	50,000
Options exercisable at $0.66 (expiry date, November 04, 2004)	835,000	835,000
	985,000	985,000

(c) Escrow shares:

As a result of listing the common shares of the Corporation on the Canadian Venture Exchange, there was a requirement that 2,840,000 shares be held in escrow at December 31, 1998. The shares are to be released as to 1/3 each year, beginning November 1, 1999. At December 31, 2000 the balance to be released was 946,668.

(d) Normal course issuer bid:

Subsequent to December 31, 2000, the Corporation has received approval from the Alberta Securities Commission to purchase up to 460,000 common shares of the Corporation under the normal course issuer bid. The normal course issuer bid will expire in March, 2002. For the year ended December 31, 2000, the Corporation purchased 666,500 (1999 – 68,500) common shares under similar arrangements.

7. Income taxes:

Effective January 1, 2000, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. Prior thereto, the Corporation had followed the deferral method. The new method was adopted retroactively without restatement of prior period financial statements. On adoption, retained earnings was reduced and future income taxes were increased by $385,809. The effect on current year's earnings and earnings per share is not materially different for 2000.

The provision for taxes differs from the result which would have been obtained by applying the Canadian combined federal and provincial tax rate to net earnings before taxes. The difference results from the following items:

	2000	1999
Earnings before taxes	**$ 3,716,508**	$ 742,843
Combined federal and provincial tax rate	**44.6%**	44.6%
Computed "expected" tax	**$ 1,657,563**	$ 331,308
Increase (decrease) in taxes resulting from:		
Royalties and other payments to provincial governments	**500,386**	185,461
Resource allowance	**(497,218)**	(108,774)
Rate reduction on flow-through share transaction	**(367,950)**	–
Income tax rebates and credits	**(26,128)**	(30,704)
Amortize share issue costs	**(8,938)**	(8,833)
Other	**66,039**	3,257
Non-deductible depletion and depreciation	**–**	67,364
Provision for taxes	**$ 1,323,754**	$ 439,079

The components of the net future income tax liability at December 31, 2000 are:

Future income tax assets:	
Future site restoration	$ 21,229
Share issue costs	16,969
	38,198
Future income tax liabilities:	
Petroleum and natural gas properties	1,206,257
Long-term investments	367,950
	1,574,207
Net future income tax liability	$ 1,536,009

8. Per share amounts:

The Canadian Institute of Chartered Accountants has approved a new standard for the computation, presentation and disclosure of per share amounts. In the fourth quarter of 2000, the Company retroactively adopted the new standard. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only "in the money" dilutive instruments impact the diluted calculations.

Notes to Financial Statements

Years ended December 31, 2000 and 1999

In computing diluted net earnings and cash flow per share, 158,021 (1999 – 47,442) shares were added to the 9,514,868 (1999 – 9,247,053 shares) weighted average number of common shares outstanding during the year for the dilutive effect of employee stock options. No adjustments were required to reported net earnings or cash flow in computing fully diluted per share amounts.

Prior period diluted net earnings and cash flow per share have been restated for this change. If the imputed earnings method had been used to calculate these amounts, the reported amounts would have been:

	2000	1999
Diluted net earnings per share	$ 0.23	$ 0.03
Diluted cash flow per share	$ 0.39	$ 0.11

9. Supplemental cash flow information:

	2000	1999
Cash paid:		
Interest	$ 63,718	$ 56,875
Taxes	180,000	11,234

10. Related party transactions:

During the year, the Corporation paid $269,234 (1999 – $253,408) for third party professional services, management services, office space and administrative services in the normal course of operations to companies in which one director has interests.

11. Commitment:

The Corporation has agreed to a letter of intent to farm-in on three exploration licences in New Brunswick. Under the terms of the letter of intent, the Corporation is committed to spend $2 million on exploration activities by December 2002 in order to earn a 50% working interest in the licences.

12. Financial instruments:

The Corporation's financial instruments are cash, accounts receivable, current liabilities and long-term debt.

(a) Fair values of financial assets and liabilities:

The estimated fair values of financial instruments approximate their carrying amount due to the short-term maturity of those instruments and the floating interest rate on the long-term debt.

(b) Credit risk:

A substantial portion of the Corporation's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

13. Subsequent event:

On February 16, 2001 the Corporation accepted an offer for all of its petroleum and natural gas properties in the Province of British Columbia for $2.4 million. The transaction is effective January 1, 2001, is subject to certain conditions and is expected to close on or before March 23, 2001. Proceeds will be used to repay long-term debt of approximately $1.2 million.

Corporate Information

Directors and Officers

Ash Bhasin, B.A., LL.B.[1]
President, C.E.O, Director & C.F.O, with over 30 years oil and gas industry experience, including 25 years with Gulf Canada Resources Limited in senior management roles.

George de Boon, B.SC., P.Eng.[2]
Chief Operating Officer, Director & Corporate Secretary, with over 25 years oil and gas experience in engineering, evaluation and operations in Western Canada and internationally.

Dinesh Dattani, C.A.[1, 2]
Director, with over 20 years experience in senior financial executive positions with international oil and gas companies. Dinesh is a director of a number of private and public companies and is the President of Double D Ventures Inc. a venture capital corporation.

Roger Rector, PH.D., P.Geol.[1, 2]
Director, with over 30 years experience in geology, geophysics and international management. Roger was previously Vice-President, International with Gulf Canada Resources Limited.

[1] Member of the Reserves Committee

[2] Member of the Audit Committee

Key Personnel

Paul Miller, B.SC., P.Geol.
Exploration Manager, is a geological consultant with over 25 years experience in Western and Eastern Canada and internationally.

David Wandzura, B.SC., P.Eng.
Operations Manager, is a drilling and operations engineer with over 25 years experience in Western Canada and internationally.

Brenda Mayder
Land Manager, has over 30 years industry experience primarily in Western Canada.

Greg Marsden, C.M.A.
Finance Manager, is a Certified Management Accountant with over 25 years experience, including the last 19 years with public oil and gas companies.

Investor Relations

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Website: www.globexresources.com

The Annual General Meeting of Shareholders will be held on Thursday, June 21, 2001 at 3:00 p.m., at The 400 Club, 710 – 4th Avenue S.W., Calgary. All shareholders are encouraged to attend. Those unable to do so are requested to sign and return the proxy form mailed with this Report.

Bankers
The Bank of Nova Scotia

Solicitors
McCarthy Tétrault

Auditors
KPMG LLP

Engineers – Oil and Gas Evaluations
Paddock Lindstrom & Associates Ltd.

Registrar and Transfer Agent
Computershare Trust Company of Canada

Stock Exchange Listings
Canadian Venture Exchange:
Symbol "GBX" (Tier 1)

Abbreviations

bbl	barrel
mbbls	thousands of barrels
mcf	thousand cubic feet
mmcf	millions of cubic feet
bcf	billions of cubic feet
NGLs	natural gas liquids
boe/d	barrels of oil equivalent per day (6 mcf = 1 bbl)

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